AMENDED IN SENATE AUGUST 24, 2012 AMENDED IN ASSEMBLY APRIL 25, 2011 AMENDED IN ASSEMBLY FEBRUARY 28, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 344

Introduced by Assembly Member-Furutani Mendoza

February 10, 2011

An act to amend Sections 20636, 20636.1, and 21221 of the Government Code, relating to public employees' retirement add Section 43018.3 to the Health and Safety Code, relating to vehicular air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 344, as amended, Furutani Mendoza. Public employees' retirement. Vehicular air pollution: exemption: low-use vehicles: nonprofit organizations.

Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution. Existing law requires the state board to adopt and implement motor vehicle emission standards, in-use performance standards, and motor vehicle fuel specifications for the control of air contaminants, including standards for off-road and nonvehicle engine categories.

This bill would require the state board, for purposes of specified provisions relating to mobile source emissions reductions, as applied to the reduction of emissions of diesel particulate matter, oxides of $AB 344 \qquad \qquad -2 -$

nitrogen, and other criteria pollutants from certain in-use, diesel-fueled vehicles, to define "low-use vehicle" for purposes of tax-exempt nonprofit organizations as a vehicle that will be operated fewer than 5,000 miles in the state in any compliance year, as specified.

This bill would declare that it is to take effect immediately as an urgency statute.

(1) The Public Employees' Retirement Law (PERL) requires contributions to the retirement fund based on compensation earnable by a member, including a school member, which includes the member's payrate and special compensation, as specified. "Payrate" is defined as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment, as specified. For a member who is not in a group or class, "payrate" means the monthly rate of pay or base pay of the member, as specified. PERL provides that increases in compensation earnable granted to an employee who is not in a group or class shall be limited during the final compensation period applicable to the employees, as well as the 2 years immediately preceding the final compensation period, to the average increase in compensation earnable during the same period reported by the employer for all employees who are in the same membership elassification, except as may otherwise be determined pursuant to regulations adopted by the Board of Administration of the Public Employees' Retirement System that establish reasonable standards for granting exceptions.

This bill would delete the authorization for the board to adopt regulations to permit those exceptions to the average increase limitation for increases in compensation earnable granted to an employee who is not in a group or class.

(2) PERL establishes the circumstances in which a retired person may serve without reinstatement from retirement or loss or interruption of benefits, including, among others, an appointment of limited duration that does not exceed 960 hours in any fiscal year. Existing law further provides that a person may serve without reinstatement under an appointment that exceeds 960 hours in any fiscal year, if the governing body of the contracting agency requests approval from the board, as specified.

This bill would delete the option for a person to serve without reinstatement under an appointment that exceeds 960 hours in any fiscal year.

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Vote: majority-²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

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SECTION 1. Section 43018.3 is added to the Health and Safety 2 Code, to read:

43018.3. (a) For purposes of Section 43018 and its implementing regulations, as applied to the reduction of emissions of diesel particulate matter, oxides of nitrogen, and other criteria pollutants from in-use diesel-fueled vehicles, as applicable to any person, business, federal government agency, school district, or school transportation provider that owns or operates, leases, or rents affected vehicles that operate in the state and to persons that sell affected vehicles in the state, the state board shall define "low-use vehicle" for purposes of tax-exempt nonprofit organizations to mean a vehicle that will be operated fewer than 5,000 miles in the state in any compliance year. If that vehicle has an engine that powers other equipment that can only be used while stationary, the engine or power takeoff shall also operate less than 100 hours in any compliance year. The hour limitation does not apply for vehicles where the engine is used to power an auxiliary mechanism that strictly loads and unloads cargo from the vehicle.

- (b) As used in this section, "affected vehicle" means those vehicles that operate on diesel fuel, dual fuel, or alternative diesel fuel that are registered to be driven on public highways, were originally designed to be driven on public highways whether or not they are registered, yard trucks with on-road engines or yard trucks with off-road engines used for agricultural operations, both engines of two-engine sweepers, and schoolbuses, and have a manufacturer's gross vehicle weight rating greater than 14,000 pounds, except as exempted by the state board.
- SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for nonprofit organizations that have been deeply affected by the recession to avoid a severe financial burden by complying with the regulation deadline, which would make their AB 344 — 4—

1 recovery take much longer than for-profit organizations, it is 2 necessary that this act take effect immediately.

SECTION 1. Section 20636 of the Government Code is amended to read:

- 20636. (a) "Compensation earnable" by a member means the payrate and special compensation of the member, as defined by subdivisions (b), (c), and (g), and as limited by Section 21752.5.
- (b) (1) "Payrate" means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules. "Payrate," for a member who is not in a group or class, means the monthly rate of pay or base pay of the member, paid in cash and pursuant to publicly available pay schedules, for services rendered on a full-time basis during normal working hours, subject to the limitations of paragraph (2) of subdivision (e).
- (2) "Payrate" shall include an amount deducted from a member's salary for any of the following:
 - (A) Participation in a deferred compensation plan.
- (B) Payment for participation in a retirement plan that meets the requirements of Section 401(k) of Title 26 of the United States Code.
- (C) Payment into a money purchase pension plan and trust that meets the requirements of Section 401(a) of Title 26 of the United States Code.
 - (D) Participation in a flexible benefits program.
- (3) The computation for a leave without pay of a member shall be based on the compensation earnable by him or her at the beginning of the absence.
- (4) The computation for time prior to entering state service shall be based on the compensation earnable by him or her in the position first held by him or her in state service.
- (c) (1) Special compensation of a member includes a payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions.
- (2) Special compensation shall be limited to that which is received by a member pursuant to a labor policy or agreement or as otherwise required by state or federal law, to similarly situated members of a group or class of employment that is in addition to

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payrate. If an individual is not part of a group or class, special compensation shall be limited to that which the board determines is received by similarly situated members in the closest related group or class that is in addition to payrate, subject to the limitations of paragraph (2) of subdivision (e).

- (3) Special compensation shall be for services rendered during normal working hours and, when reported to the board, the employer shall identify the pay period in which the special compensation was earned.
- (4) Special compensation may include the full monetary value of normal contributions paid to the board by the employer, on behalf of the member and pursuant to Section 20691, if the employer's labor policy or agreement specifically provides for the inclusion of the normal contribution payment in compensation earnable.
- (5) The monetary value of a service or noncash advantage furnished by the employer to the member, except as expressly and specifically provided in this part, is not special compensation unless regulations promulgated by the board specifically determine that value to be "special compensation."
- (6) The board shall promulgate regulations that delineate more specifically and exclusively what constitutes "special compensation" as used in this section. A uniform allowance, the monetary value of employer-provided uniforms, holiday pay, and premium pay for hours worked within the normally scheduled or regular working hours that are in excess of the statutory maximum workweek or work period applicable to the employee under Section 201 et seq. of Title 29 of the United States Code shall be included as special compensation and appropriately defined in those regulations.
 - (7) Special compensation does not include any of the following:
- 32 (A) Final settlement pay.

- (B) Payments made for additional services rendered outside of normal working hours, whether paid in lump sum or otherwise.
- (C) Other payments the board has not affirmatively determined to be special compensation.
- (d) Notwithstanding any other provision of law, payrate and special compensation schedules, ordinances, or similar documents shall be public records available for public scrutiny.

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(e) (1) As used in this part, "group or class of employment" means a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical work-related grouping. One employee may not be considered a group or class.

- (2) Increases in compensation earnable granted to an employee who is not in a group or class shall be limited during the final compensation period applicable to the employees, as well as the two years immediately preceding the final compensation period, to the average increase in compensation earnable during the same period reported by the employer for all employees who are in the same membership classification.
- (f) As used in this part, "final settlement pay" means pay or eash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded to a member in connection with, or in anticipation of, a separation from employment. The board shall promulgate regulations that delineate more specifically what constitutes final settlement pay.
- (g) (1) Notwithstanding subdivision (a), "compensation earnable" for state members means the average monthly compensation, as determined by the board, upon the basis of the average time put in by members in the same group or class of employment and at the same rate of pay, and is composed of the payrate and special compensation of the member. The computation for an absence of a member shall be based on the compensation earnable by him or her at the beginning of the absence and for time prior to entering state service shall be based on the compensation earnable by him or her in the position first held by him or her in that state service.
- (2) Notwithstanding subdivision (b), "payrate" for state members means the average monthly remuneration paid in cash out of funds paid by the employer to similarly situated members of the same group or class of employment, in payment for the member's services or for time during which the member is excused from work because of holidays, sick leave, vacation, compensating time off, or leave of absence. "Payrate" for state members shall include:
- (A) An amount deducted from a member's salary for any of the following:

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(i) Participation in a deferred compensation plan established pursuant to Chapter 4 (commencing with Section 19993) of Part 2.6.

- (ii) Payment for participation in a retirement plan that meets the requirements of Section 401(k) of Title 26 of the United States Code.
- (iii) Payment into a money purchase pension plan and trust that meets the requirements of Section 401(a) of Title 26 of the United States Code.
 - (iv) Participation in a flexible benefits program.

- (B) A payment in cash by the member's employer to one other than an employee for the purpose of purchasing an annuity contract for a member under an annuity plan that meets the requirements of Section 403(b) of Title 26 of the United States Code.
- (C) Employer "pick up" of member contributions that meets the requirements of Section 414(h)(2) of Title 26 of the United States Code.
- (D) Disability or workers' compensation payments to safety members in accordance with Section 4800 of the Labor Code.
- (E) Temporary industrial disability payments pursuant to Article 4 (commencing with Section 19869) of Chapter 2.5 of Part 2.6.
- (F) Other payments the board may determine to be within "payrate."
- (3) Notwithstanding subdivision (c), "special compensation" for state members shall mean all of the following:
- (A) The monetary value, as determined by the board, of living quarters, board, lodging, fuel, laundry, and other advantages of any nature furnished to a member by his or her employer in payment for the member's services.
- (B) Compensation for performing normally required duties, such as holiday pay, bonuses (for duties performed on regular work shift), educational incentive pay, maintenance and noncash payments, out-of-class pay, marksmanship pay, hazard pay, motorcycle pay, paramedic pay, emergency medical technician pay, Peace Officer Standards and Training (POST) certificate pay, and split shift differential.
- 37 (C) Compensation for uniforms, except as provided in Section 38 20632.
- 39 (D) Other payments the board may determine to be within 40 "special compensation."

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(4) "Payrate" and "special compensation" for state members do not include any of the following:

- (A) The provision by the state employer of a medical or hospital service or care plan or insurance plan for its employees (other than the purchase of annuity contracts as described below in this subdivision), a contribution by the employer to meet the premium or charge for that plan, or a payment into a private fund to provide health and welfare benefits for employees.
- (B) A payment by the state employer of the employee portion of taxes imposed by the Federal Insurance Contribution Act.
- (C) Amounts not available for payment of salaries and that are applied by the employer for the purchase of annuity contracts including those that meet the requirements of Section 403(b) of Title 26 of the United States Code.
- (D) Benefits paid pursuant to Article 5 (commencing with Section 19878) of Chapter 2.5 of Part 2.6.
- (E) Employer payments that are to be credited as employee contributions for benefits provided by this system, or employer payments that are to be credited to employee accounts in deferred compensation plans. The amounts deducted from a member's wages for participation in a deferred compensation plan may not be considered to be "employer payments."
- (F) Payments for unused vacation, annual leave, personal leave, sick leave, or compensating time off, whether paid in lump sum or otherwise.
 - (G) Final settlement pay.
- (H) Payments for overtime, including pay in lieu of vacation or holiday.
- (I) Compensation for additional services outside regular duties, such as standby pay, callback pay, court duty, allowance for automobiles, and bonuses for duties performed after the member's regular work shift.
- (J) Amounts not available for payment of salaries and that are applied by the employer for any of the following:
- (i) The purchase of a retirement plan that meets the requirements of Section 401(k) of Title 26 of the United States Code.
- (ii) Payment into a money purchase pension plan and trust that meets the requirements of Section 401(a) of Title 26 of the United States Code.

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(K) Payments made by the employer to or on behalf of its employees who have elected to be covered by a flexible benefits program, where those payments reflect amounts that exceed the employee's salary.

- (L) Other payments the board may determine are not "payrate" or "special compensation."
- (5) If the provisions of this subdivision, including the board's determinations pursuant to subparagraph (F) of paragraph (2) and subparagraph (D) of paragraph (3), are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5 or 3560, the memorandum of understanding shall be controlling without further legislative action, except that if the provisions of a memorandum of understanding require the expenditure of funds, those provisions may not become effective unless approved by the Legislature in the annual Budget Act. No memorandum of understanding reached pursuant to Section 3517.5 or 3560 may exclude from the definition of either "payrate" or "special compensation" a member's base salary payments or payments for time during which the member is excused from work because of holidays, sick leave, vacation, compensating time off, or leave of absence. If items of compensation earnable are included by memorandum of understanding as "payrate" or "special compensation" for retirement purposes for represented and higher education employees pursuant to this paragraph, the Department of Personnel Administration or the Trustees of the California State University shall obtain approval from the board for that inclusion.
- (6) (A) Subparagraph (B) of paragraph (3) prescribes that compensation earnable includes compensation for performing normally required duties, such as holiday pay, bonuses (for duties performed on regular work shift), educational incentive pay, maintenance and noncash payments, out-of-class pay, marksmanship pay, hazard pay, motorcycle pay, paramedic pay, emergency medical technician pay, POST certificate pay, and split shift differential; and includes compensation for uniforms, except as provided in Section 20632; and subparagraph (I) of paragraph (4) excludes from compensation carnable compensation for additional services outside regular duties, such as standby pay, callback pay, court duty, allowance for automobile, and bonuses for duties performed after regular work shift.

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(B) Notwithstanding subparagraph (A), the Department of Personnel Administration shall determine which payments and allowances that are paid by the state employer shall be considered compensation for retirement purposes for an employee who either is excluded from the definition of state employee in Section 3513, or is a nonelected officer or employee of the executive branch of government who is not a member of the civil service.

(C) Notwithstanding subparagraph (A), the Trustees of the California State University shall determine which payments and allowances that are paid by the trustees shall be considered compensation for retirement purposes for a managerial employee, as defined in Section 3562, or supervisory employee as defined in Section 3580.3.

SEC. 2. Section 20636.1 of the Government Code is amended to read:

20636.1. (a) Notwithstanding Section 20636, and Section 45102 of the Education Code, "compensation earnable" by a school member means the payrate and special compensation of the member, as defined by subdivisions (b) and (c), and as limited by Section 21752.5.

(b) (1) "Payrate" means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours. For purposes of this part, for classified members, full-time employment is 40 hours per week, and payments for services rendered, not to exceed 40 hours per week, shall be reported as compensation earnable for all months of the year in which work is performed. "Payrate," for a member who is not in a group or class, means the monthly rate of pay or base pay of the member, paid in cash and pursuant to publicly available pay schedules, for services rendered on a full-time basis during normal working hours, subject to the limitations of paragraph (2) of subdivision (e).

(A) For the purposes of this section, "classified members" shall mean members who retain membership under this system while employed with a school employer in positions not subject to eoverage under the Defined Benefit Program under the State Teacher's Retirement System.

(B) For the purposes of this section, and Sections 20962 and 20966, "certificated members" shall mean members who retain

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membership under this system while employed in positions subject to coverage under the Defined Benefit Program under the State Teacher's Retirement System.

- (2) The computation for any leave without pay of a member shall be based on the compensation earnable by him or her at the beginning of the absence.
- (3) The computation for time prior to entering state service shall be based on the compensation earnable by him or her in the position first held by him or her in state service.
- (c) (1) Special compensation of a school member includes any payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions.
- (2) Special compensation shall be limited to that which is received by a member pursuant to a labor policy or agreement or as otherwise required by state or federal law, to similarly situated members of a group or class of employment that is in addition to payrate. If an individual is not part of a group or class, special compensation shall be limited to that which the board determines is received by similarly situated members in the closest related group or class that is in addition to payrate, subject to the limitations of paragraph (2) of subdivision (e).
- (3) Special compensation shall be for services rendered during normal working hours and, when reported to the board, the employer shall identify the pay period in which the special compensation was earned.
- (4) Special compensation may include the full monetary value of normal contributions paid to the board by the employer, on behalf of the member and pursuant to Section 20691, provided that the employer's labor policy or agreement specifically provides for the inclusion of the normal contribution payment in compensation earnable.
- (5) The monetary value of any service or noncash advantage furnished by the employer to the member, except as expressly and specifically provided in this part, shall not be special compensation unless regulations promulgated by the board specifically determine that value to be "special compensation."
- (6) The board shall promulgate regulations that delineate more specifically and exclusively what constitutes "special compensation" as used in this section. A uniform allowance, the monetary value of employer-provided uniforms, holiday pay, and

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premium pay for hours worked within the normally scheduled or regular working hours that are in excess of the statutory maximum 3 workweek or work period applicable to the employee under Section 4 201 et seg. of Title 29 of the United States Code shall be included 5 as special compensation and appropriately defined in those 6 regulations.

- (7) Special compensation does not include any of the following:
- 8 (A) Final settlement pay.
 - (B) Payments made for additional services rendered outside of normal working hours, whether paid in lump sum or otherwise.
 - (C) Any other payments the board has not affirmatively determined to be special compensation.
 - (d) Notwithstanding any other provision of law, payrate and special compensation schedules, ordinances, or similar documents shall be public records available for public scrutiny.
 - (e) (1) As used in this part, "group or class of employment" means a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical work-related grouping. Under no circumstances shall one employee be considered a group or class.
 - (2) Increases in compensation earnable granted to any employee who is not in a group or class shall be limited during the final compensation period applicable to the employees, as well as the two years immediately preceding the final compensation period, to the average increase in compensation earnable during the same period reported by the employer for all employees who are in the same membership classification.
 - (f) As used in this part, "final settlement pay" means any pay or cash conversions of employee benefits that are in excess of compensation earnable, that are granted or awarded to a member in connection with or in anticipation of a separation from employment. The board shall promulgate regulations that delineate more specifically what constitutes final settlement pay.
 - SEC. 3. Section 21221 of the Government Code is amended to read:
 - 21221. A retired person may serve without reinstatement from retirement or loss or interruption of benefits provided by this system, as follows:
 - (a) As a member of any board, commission, or advisory committee, upon appointment by the Governor, the Speaker of the

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1 Assembly, the President pro Tempore of the Senate, director of a

- 2 state department, or the governing board of the contracting agency.
- 3 However, the appointment shall not be deemed employment within 4
- the meaning of Division 4 (commencing with Section 3200) and
- 5 Division 4.5 (commencing with Section 6100) of the Labor Code, 6 and shall not provide a basis for the payment of workers'
 - compensation to a retired state employee or to his or her
- 8 dependents.

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- (b) As a school crossing guard.
- (c) As a juror or election officer.
- (d) As an elective officer on and after September 15, 1961. However, all rights and immunities which may have accrued under Section 21229 as it read prior to that section's repeal during the 1969 Regular Session of the Legislature are hereby preserved.
- (e) As an appointive member of the governing body of a contracting agency. However, the compensation for that office shall not exceed one hundred dollars (\$100) per month.
- (f) Upon appointment by the Legislature, or either house, or a legislative committee to a position deemed by the appointing power to be temporary in nature.
- (g) Upon employment by a contracting agency to a position found by the governing body, by resolution, to be available because of a leave of absence granted to a person on payroll status for a period not to exceed one year and found by the governing body to require specialized skills. The temporary employment shall be terminated at the end of the leave of absence. Appointments under this section shall be reported to the board and shall be accompanied by the resolution adopted by the governing body.
- (h) Upon appointment by the governing body of a contracting agency to a position deemed by the governing body to be of a limited duration and requiring specialized skills or during an emergency to prevent stoppage of public business. These appointments, in addition to any made pursuant to Section 21224, shall not exceed a total for all employers of 960 hours in any fiscal
- 36 (i) Upon appointment by the Administrative Director of the 37 Courts to the position of Court Security Coordinator, a position

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- deemed temporary in nature and requiring the specialized skills
 and experience of a retired professional peace officer.